GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3370
ANSWERED ON:20.08.2004
IRREGULARITIES IN SANCTIONING OF LOAN TO FARMERS
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Will the Minister of FINANCE be pleased to state:

(a) whether irregularities have been noticed at the time of sanctioning loans to small and marginal farmers by the Cooperative/Commercial/Regional Rural Banks in the country during the last three years by the Government;

(b) if so, the details thereof, State-wise; and

(c) the remedial measures taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a), (b) & (c): Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) have reported that irregularities th the sanctioning of loans to borrowers including small and marginal farmers by banks, if any, are observed during the statutory inspections of tihe banks and included in the reports issued to them. Deficiencies observed are mostly procedural in nature, viz., crop-wise scale of finance not revised, timely renewal of loan limits not ensured, non-availability of data on coverage of small/marginal farmers, non-adherance to repayment period, compounding of interest on current agricultural crop loans, lower Kisan Credit Card limit fixing, etc..

Banks are advised to rectify the deficiencies observed during the course of inspections and submit a compliance report by the stipulated date. Compliance by the banks is examined in the subsequent inspections.